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17 October 1960

COMPTROLLER INSTRUCTION NO. 91

SUBJECT: General - Health Insurance for Contract  
Employees

Specific - Accounting Procedures

1. PURPOSE

This Instruction prescribes the accounting procedures to be followed by components of this Office relative to the new Health Insurance Program for Agency personnel designated as Contract Employees. This Instruction also refers to procedures to be followed by the Insurance Branch, Benefits and Services Division, Office of Personnel.

2. GENERAL

A health insurance program, comparable to that authorized for appointed employees under the Federal Employees' Health Benefits Act of 1959, has been authorized for certain contract employees of the Agency. Eligibility under this program is limited to contract employees who are U. S. citizens or resident aliens, whose employment relationship to the Agency is essentially comparable to that of appointed employees and whose services have been approximately equated to the General Schedule salary levels of appointed employees for compensation purposes. The employing unit is charged with the responsibility of identifying personnel who thus qualify for this benefit and insuring that only eligible personnel apply. Career agents are eligible for coverage under this program.

3. PROCEDURE FOR PROCESSING APPLICATION FORMS

Personnel eligible for this program will apply by submitting an original and duplicate of "Hospitalization Application (Contract Plan)" to the Insurance Branch. The applications will be processed as follows:

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a. Insurance Branch:

- (1) Assign a policy number, effective date, and enrollment code number to both copies of the application.
- (2) Forward the original to the Fiscal or Finance Division payroll office, as appropriate.
- (3) If the applicant is paid from confidential funds forward the duplicate to the Machine Records Division for preparation of a master card of policies in force.
- (4) If the applicant is paid from vouchered funds, establish a manual card file of policies in force.
- (5) File duplicate in applicant's insurance folder.

b. Fiscal and Finance Divisions

- (1) Upon receipt of the original of a completed Hospitalization Application (Contract Plan) form from the Insurance Branch, verify that the effective date of enrollment coincides with the beginning of a biweekly or monthly pay period. (If the dates differ, return forms to the Insurance Branch for correction.)
- (2) Initiate appropriate payroll action to effect payroll deductions and Agency contributions for those employees paid from confidential funds; or Agency contributions only for those employees paid from vouchered funds.
- (3) After payroll action is completed file the application in the individual's payroll file.

c. Machine Records Division

- (1) Upon receipt of the duplicate of the Hospitalization Application prepare a punch card

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containing the employee's name, payroll number, policy number, enrollment code number, and the amounts of withholding and Agency contribution applicable to the enrollment code number.

- (2) Return the duplicate to the Insurance Branch.
- (3) Maintain a file of above cards as a Master File of Policies in Force.

#### 4. CHANGES IN ENROLLMENT STATUS

- a. A "Notice of Change in Enrollment Status" will be submitted to the Insurance Branch in duplicate. Changes will include cancellations and changes of coverage within the plan, such as from family to single or single to family.
- b. Notices of Change in Enrollment Status shall be generally processed and appropriate payroll action taken in the same manner as for applications.

#### 5. EFFECTIVE DATES OF ENROLLMENTS AND CHANGES IN ENROLLMENT

The effective date of enrollment or changes thereto for personnel at headquarters will be the first day of the first bi-weekly pay period commencing not later than 14 calendar days after the Insurance Branch, Office of Personnel, receives a properly executed application. For field personnel, the effective date will be the first day of the first bi-weekly pay period commencing not later than 14 calendar days after the Chief of Station or Base receives and certifies an application. The effective date for individuals payrolled on a monthly basis will be the first day of the month following the month in which the application is received by the Insurance Branch at headquarters or is received and certified in the field.

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## 6. EFFECTIVE DATE OF TERMINATION OF ENROLLMENTS

Termination of enrollments resulting from termination of employees, or a change in status which makes the employee ineligible for coverage, become effective at the end of the pay period in which the termination takes effect, i.e., biweekly or monthly, as appropriate.

## 7. WITHHOLDINGS AND CONTRIBUTIONS

## a. Withholdings

- (1) Withholdings and/or Agency contributions will be made for each pay period an employee receives any salary or compensation while enrolled in the health insurance plan. The amount to be withheld is determined by the rate applicable to the enrollment code number of the plan elected by the employee as shown on the Hospitalization Application (Contract Plan). Withholdings and Agency contributions are as follows:

<u>Type of Enrollment</u>	<u>Enrollment Code No.</u>	<u>Biweekly Contribution</u>		<u>Monthly Contribution</u>	
		<u>Employee</u>	<u>Agency</u>	<u>Employee</u>	<u>Agency</u>
Self only	901	.79	.78	1.70	1.70
Self and family	902	3.09	3.12	6.70	6.76

- (2) The full withholding and/or contribution will be made for each pay period even if an employee is in pay status for only a part of such period. Except as provided in (3) below, if the amount of salary is not sufficient to cover the full withholding, no withholding and/or contribution will be made.
- (3) When the salary deficiency to cover a full withholding is due to the manner in which the individual is payrolled, a full withholding will be made and the amount of the deficiency established as a receivable from the individual.

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- (4) Where an employee is in a nonpay status for an entire pay period or where the amount of salary is not sufficient to cover a full withholding (other than under (3) above), no withholding or contribution to cover that pay period will be made from salary payments. In such cases the employee will be required to pay directly to the Insurance Branch the full premium covering the period involved.
- (5) Where an employee is retroactively restored to duty with pay after an erroneous of temporary suspension or removal, payroll withholdings and/or contributions for the period of suspension or removal must be made from the retroactive pay adjustment. If the employee has paid the full premium to the Insurance Branch for the retroactive period involved, the Insurance Branch will refund such premium to the employee.

**b. Contributions**

The amount to be contributed by the Agency for this insurance program is determined by the rate applicable to the enrollment code number elected by the employee as shown in paragraph 7a, above.

**8. RECORDING OF PAYROLL WITHHOLDINGS AND AGENCY CONTRIBUTIONS**

- a. The amount of withholdings and/or Agency contributions for each payroll shall be credited to general ledger account 312.3, "Due to GEHA - Health Insurance Withholdings and Contributions (Contract Plan)". Records shall be maintained to reflect the total withholdings and contributions applicable to each enrollment code.
- b. Agency contributions for those contract employees whose salaries are charged to subobject class 105 shall be charged to subobject class 129. Contributions for other eligible employees, such as career agents, shall be charged to subobject class 752.

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9. DISPOSITION OF MONEYS AND REPORTING OF WITHHOLDINGS AND CONTRIBUTIONS

a. Fiscal and Finance Divisions:

Payroll withholdings and/or Agency contributions for each pay period shall be paid to GEHA. Checks shall be drawn payable to GEHA, Inc. supported by an original of Standard Form No. 2812, "Report of Withholdings and Contributions." The language in the title of SF 2812 should be amended by deleting the words "Federal Employees Health Benefits Act of 1959" and inserting the words "Health Insurance (Contract Plan)". In addition to the SF 2812, biweekly contributions from vouchered funds shall be supported with a list of the employees and amount contributed for each employee. A separate SF 2812 should be submitted for employees payrolled on a monthly basis.

b. GEHA:

(1) Funds received by GEHA will be recorded as follows:

(a) Withholdings and Contributions from the Fiscal and Finance Divisions:

Dr. Account 100 - Cash in Bank - Account No. 1

Cr. Account 200.1 - Accounts Payable - Health Benefits (Contract Plan)

(b) Cash payments from individuals representing the full premium for employees in a nonpay status or the employee's share of premium for those employees paid from vouchered funds:

(same entry as in (a) above)

(2) Payments to the underwriter will be recorded as:

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Dr. Account 200.1 - Accounts Payable - Health  
Benefits (Contract Plan)

Cr. Account 100 - Cash in Bank - Account No. 1

- (3) Agency contributions from vouchered funds should be retained by GEHA until the employee pays his share of the premium. If the employee fails to pay his share, thereby causing his insurance to lapse, contributions held by GEHA covering a period subsequent to the date the policy was terminated should be returned to the Fiscal Division.

10. RECONCILIATION OF WITHHOLDINGS AND CONTRIBUTIONS  
WITH POLICIES IN FORCE - CONFIDENTIAL FUNDS

a. Machine Records Division:

- (1) At the end of each pay period produce a separate card for each employee for whom a health insurance deduction has been made from confidential funds. Each card shall contain the employee's payroll number, enrollment code number, and amount of withholdings and contributions made for the payroll period.
- (2) Match the above cards against the master file of policies in force, by enrollment code number, employee payroll number and amounts.
- (3) Furnish a list of the non-matching items to the Finance Division payroll office.

b. Finance Division Payroll Office:

- (1) Upon receipt of the list of non-matching items, determine reason why item did not match and indicate this on the list. If the non-matching item is to be corrected by future payroll action this also should be indicated on the list.
- (2) Forward list to the Insurance Branch.

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c. Insurance Branch:

- (1) Upon receipt of list of non-matching items from the Finance Division payroll office, initiate action to collect full premiums (both employee and Agency portions) from those employees in a nonpay status for the full period or whose salary was insufficient to cover a full withholding.
- (2) Initiate action to correct master file for errors discovered through matching process.
- (3) Use payroll office remarks to explain to the underwriter any differences between payment made and policies in force.

11. RECONCILIATION OF AGENCY CONTRIBUTIONS WITH POLICIES  
IN FORCE - VOUCHERED FUNDS

a. Insurance Branch:

- (1) Upon receipt of the biweekly Agency contributions from the Fiscal Division, post the amount contributed for each employee to his master card of policies in force.
- (2) Compare the amount contributed for each employee with the normal biweekly contribution as indicated on the card.
- (3) List any amounts that differ and forward list to the Fiscal Division for reconciliation of non-matching items.
- (4) Initiate action to collect from the employee his share of the biweekly premium to match the Agency contribution, or the full premium in those cases where the Fiscal Division advises that the employee was in a nonpay status for the pay period involved.

b. Fiscal Division:

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- (1) Upon receipt of the list of non-matching items from the Insurance Branch, determine reason why the Agency contribution did not match and indicate this on the list. Also indicate any payroll action to be taken to correct the non-matching item.
- (2) Return the list to the Insurance Branch.

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Acting Comptroller

CONCUR:

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13 October 1960  
Date

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